

MARYLAND REGISTER

**Proposed Action on Regulations**

<b>Transmittal Sheet</b>  <b>PROPOSED OR REPROPOSED</b>  <b>Actions on Regulations</b>	<b>Date Filed with AELR Committee</b>	<b>TO BE COMPLETED BY DSD</b>
	04/16/2015	Date Filed with Division of State Documents
		Document Number
		Date of Publication in MD Register

**1. Desired date of publication in Maryland Register: 5/15/2015**

**2. COMAR Codification**

**Title Subtitle Chapter Regulation**

36 03 10 07, and .38

**3. Name of Promulgating Authority**

Maryland State Lottery and Gaming Control Agency

**4. Name of Regulations Coordinator**      **Telephone Number**  
James B Butler                                      410-230-8781

**Mailing Address**

1800 Washington Blvd., Ste. 330

**City**              **State**              **Zip Code**  
Baltimore              MD              21230

**Email**  
jbutler@maryland.gov

**5. Name of Person to Call About this Document**      **Telephone No.**  
James B. Butler                                      (410) 230-8781

**Email Address**  
jbutler@maryland.gov

**6. Check applicable items:**

New Regulations

Amendments to Existing Regulations

Date when existing text was downloaded from COMAR online: April 6, 2015.

Repeal of Existing Regulations

Recodification

Incorporation by Reference of Documents Requiring DSD Approval

Reproposal of Substantively Different Text:

: Md. R  
(vol.) (issue) (page nos) (date)

Under Maryland Register docket no.: --P.

**7. Is there emergency text which is identical to this proposal:**

Yes  No

**8. Incorporation by Reference**

Check if applicable: Incorporation by Reference (IBR) approval form(s) attached and 18 copies of documents proposed for incorporation submitted to DSD. (Submit 18 paper copies of IBR document to DSD and one copy to AELR.)

**9. Public Body - Open Meeting**

OPTIONAL - If promulgating authority is a public body, check to include a sentence in the Notice of Proposed Action that proposed action was considered at an open meeting held pursuant to State Government Article, §10-506(c), Annotated Code of Maryland.

OPTIONAL - If promulgating authority is a public body, check to include a paragraph that final action will be considered at an open meeting.

**10. Children's Environmental Health and Protection**

Check if the system should send a copy of the proposal to the Children's Environmental Health and Protection Advisory Council.

**11. Certificate of Authorized Officer**

I certify that the attached document is in compliance with the Administrative Procedure Act. I also certify that the attached text has been approved for legality by Robert T. Fontaine, Assistant Attorney General, (telephone #(410) 230-8780) on March 26, 2015. A written copy of the approval is on file at this agency.

**Name of Authorized Officer**

Gina M. Smith

**Title**

Acting Director

**Telephone No.**

(410) 230-8790

**Date**

April 16, 2015

**Title 36**  
**MARYLAND STATE LOTTERY AND GAMING**  
**CONTROL AGENCY**

**Subtitle 03 GAMING PROVISIONS**

**36.03.10 Video Lottery Facility Minimum Internal Control Standards**

Authority: 36.03.10: Family Law Article, § 10-113.1, and State Government Article, §  
9-1A-04, Annotated Code of Maryland

**Notice of Proposed Action**

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The Maryland Lottery and Gaming Control Agency proposes to amend Regulation .07 and .38 under COMAR 36.03.10 Video Lottery Facility Minimum Internal Control Standards.

This action was considered at the Maryland Lottery and Gaming Control Commission open meeting held on March 26, 2015, notice of which was given pursuant to General Provisions Article, §3-302(c), Annotated Code of Maryland.

**Statement of Purpose**

The purpose of this action is to update the Regulations of the State Lottery and Gaming Control Agency to allow a facility operator to engage the services of other qualified entities to render reports to the Commission, and to require a facility operator to withhold a player's jackpot prize payment in order to satisfy a player's financial obligation to the State.

**Comparison to Federal Standards**

There is no corresponding federal standard to this proposed action.

**Estimate of Economic Impact**

The proposed action has no economic impact.

**Economic Impact on Small Businesses**

The proposed action has minimal or no economic impact on small businesses.

**Impact on Individuals with Disabilities**

The proposed action has no impact on individuals with disabilities.

**Opportunity for Public Comment**

Comments may be sent to James B. Butler, Director of Legislative and Policy Affairs, Maryland Lottery and Gaming Control Agency, 1800 Washington Blvd., Suite 330, Baltimore, MD 21230, or call (410) 230-8781, or email to [jbutler@maryland.gov](mailto:jbutler@maryland.gov) , or

fax to (410) 230-8727. Comments will be accepted through June 15, 2015. A public hearing has not been scheduled.

### **Economic Impact Statement Part C**

A. Fiscal Year in which regulations will become effective: FY 2015

B. Does the budget for the fiscal year in which regulations become effective contain funds to implement the regulations?

Yes

C. If 'yes', state whether general, special (exact name), or federal funds will be used:

Special (Gaming Proceeds)

D. If 'no', identify the source(s) of funds necessary for implementation of these regulations:

E. If these regulations have no economic impact under Part A, indicate reason briefly:

To update the Regulations of the State Lottery and Gaming Control Agency to allow a facility operator to engage the services of other qualified entities to render reports to the Commission, and to require a facility operator to withhold a player's jackpot prize payment in order to satisfy a player's financial obligation to the State.

F. If these regulations have minimal or no economic impact on small businesses under Part B, indicate the reason and attach small business worksheet.

To update the Regulations of the State Lottery and Gaming Control Agency to allow a facility operator to engage the services of other qualified entities to render reports to the Commission, and to require a facility operator to withhold a player's jackpot prize payment in order to satisfy a player's financial obligation to the State.

G. Small Business Worksheet:

Attached Document:

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(April 6, 2015)

### **36.03.10 Video Lottery Facility Minimum Internal Control Standards**

Authority: Family Law Article, §10-113.1, and State Government Article, §9-1A-04, Annotated Code of Maryland

#### **.07 Annual Audit and Other Regulatory Reports.**

A. – E. (text unchanged)

F. A facility operator shall require the independent certified public accountant auditing its financial statements *or other qualified entity approved by the Commission* to render the following additional reports:

(1) – (3) (text unchanged)

G. – R. (text unchanged)

**.38 Jackpot Payout.**

A. – B. (text unchanged)

C. A facility operator shall:

(1) Prepare and timely file IRS Form W-2G, Certain Gambling Winnings, in accordance with IRS rules and regulations; [and]

(2) *Withhold payment of a jackpot prize to satisfy a player's financial obligation to the State, such as the payment of child support arrearage or other requirements of State law; and*

[(2)] (3) Immediately report to the Commission any incident in which a video lottery terminal fails to lock up and preclude play following a single jackpot event of \$1,200 or more.

D. – F. (text unchanged)